

FIRST REGULAR SESSION

SENATE BILL NO. 383

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR DEMPSEY.

Read 1st time February 17, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

1834S.03I

AN ACT

To repeal section 169.030, RSMo, and to enact in lieu thereof one new section relating to contribution rates for the public school retirement system of Missouri, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 169.030, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 169.030, to read as follows:

169.030. 1. The funds required for the operation of the retirement system
2 created by sections 169.010 to 169.141 shall come from contributions made [in
3 equal amounts] by members of the system and their employers, except as
4 provided for certain members and employers by section 104.342, RSMo, and from
5 such interest as may be derived from the investment of any part of such
6 contributions. All contributions shall be transmitted to the board of trustees by
7 employers in such manner and at such time as the board by rule shall require.

8 2. For each school year following the date on which the system becomes
9 operative, each and every employer of one or more persons who are members of
10 the system shall transmit to the board of trustees, in the manner and
11 accompanied by such supporting data as the board shall prescribe[, twice] the
12 amount that is deductible from the pay of such employee or employees **and**
13 **employer** during the school year. Failure or refusal to transmit such amount as
14 required shall render the person or persons responsible therefor individually
15 liable for twice the amount so withheld. Suits for the recovery of amounts for
16 which individuals are thus rendered liable shall be instituted and prosecuted by
17 the board of trustees in the name of the retirement system. In addition to such
18 civil penalty, and not in lieu thereof, any person or persons made responsible for
19 the payment of contributions who shall willfully and knowingly fail or refuse to

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 transmit such contributions or any part thereof to the board of trustees shall be
21 deemed guilty of a misdemeanor and upon conviction thereof shall be punished
22 by a fine of not less than twenty-five dollars and not more than two hundred
23 dollars, and each day such person or persons shall so fail or refuse to transmit
24 such contributions shall be deemed a separate offense.

25 3. The contributions of members of the retirement system shall be
26 collected by their employers through appropriate deductions from paychecks,
27 except as provided for certain members and employers by section 104.342, RSMo.
28 The total amount deducted from the paychecks of members during any school
29 year shall equal such a percent of their salary rates as may be required by the
30 contribution rate then in effect. Contributions transmitted to the retirement
31 system before February 20, 1996, based on salary rates which either included or
32 excluded employer-paid medical benefits for members, shall be deemed to have
33 been in compliance with this section. The retirement system shall not refund or
34 adjust contributions or adjust benefit determinations with respect to any period
35 before February 20, 1996, solely because of the treatment of employer-paid
36 medical benefits for members. Effective December 31, 1995, compensation in
37 excess of the limitations set forth in Section 401(a)(17) of Title 26 of the United
38 States Code shall be disregarded for purposes of determining contributions under
39 this section and calculating benefits paid by the public school retirement system
40 of Missouri. The limitation on compensation for eligible employees shall not be
41 less than the amount which was allowed to be taken into account under the
42 system as in effect on July 1, 1993. For this purpose, an "eligible employee" is an
43 individual who was a member of the system before July 1, 1996.

44 4. The board of trustees shall fix and certify to the employers the level
45 rate of contribution subject to the following:

46 (1) The level rate of contribution **for employees** for a fiscal year shall
47 not exceed the level rate of contribution [for the prior fiscal year by more than
48 one-half percent] **in effect on August 28, 2009;**

49 (2) **The actuarial contribution rate for employers for a fiscal year**
50 **shall not exceed the level rate of contribution for the prior fiscal year**
51 **by more than one percent. The contribution rate for employers shall**
52 **not increase once it satisfies the actuarially required contribution rate;**

53 (3) The board shall fix and certify to the employers the rate of
54 contribution for a fiscal year no later than six months prior to the date such rate
55 is to be effective;

56 [(3)] (4) The board shall fix and certify to the employers the rate of
57 contribution for a fiscal year based on an actuarial valuation of the system as of
58 a date not earlier than the last day of the second prior fiscal year. Such actuarial
59 valuation of the system shall be performed using processes and actuarial
60 assumptions that are in accordance with actuarial standards of practice in effect
61 at the time the valuation is performed, as promulgated by the actuarial standards
62 board or its successor; provided that such actuarial valuation shall be based on
63 the entry age normal actuarial cost method and an asset valuation method based
64 on the market value of system assets that may provide for smoothing of
65 investment gains and losses, and, further, that the level rate of contribution shall
66 be the total of the normal cost rate and a rate which shall amortize the unfunded
67 actuarial accrued liability over a period that shall not exceed thirty years from
68 the date of the valuation, subject to the limitations of this subsection; and

69 [(4)] (5) Not less than once every ten years the board shall have an
70 actuary, other than the actuary performing the actuarial valuation pursuant to
71 this section, review such actuarial valuation and perform an additional valuation
72 of the system.

73 5. Regardless of the provisions of any law governing compensation and
74 contracts, every teacher or employee shall be deemed to consent and agree to the
75 deductions provided herein. Payment of salary or compensation less such
76 deduction shall be a full and complete discharge of all salary or compensation
77 claims and demands during the period covered by such payment, except as to the
78 benefits provided under sections 169.010 to 169.141.

79 6. Notwithstanding any other provision of sections 169.010 to 169.141 to
80 the contrary, no legislation shall be enacted after July 1, 2003, that increases
81 benefits provided to members or retirees of the public school retirement system
82 of Missouri above that which may be funded using a rate of contribution of ten
83 and one-half percent as determined using an actuarial valuation as provided in
84 subsection 4 of this section; provided that, **legislation may be enacted after**
85 **July 1, 2009, that increases benefits provided to members or retirees**
86 **subject to the provisions of section 105.684, RSMo, and** notwithstanding
87 the provision of this subsection, legislation may be enacted after July 1, 2003,
88 that provides for an extension of time within which a member may make an
89 election pursuant to subdivisions (3) to (8) of subsection 1 of section 169.070.